

<b>DECISION-MAKER:</b>	COUNCIL CABINET		
<b>SUBJECT:</b>	SOUTHAMPTON NEW ARTS COMPLEX SCHEME		
<b>DATE OF DECISION:</b>	15 MAY 2013 COUNCIL 21 MAY 2013 CABINET		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
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#### **STATEMENT OF CONFIDENTIALITY**

Appendix 1 is confidential, the confidentiality of which is based on category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this because doing so would prejudice the authority's ability to achieve best consideration for the disposal of land (the identity of the preferred developer and the figures associated with the land transaction are commercially sensitive).

#### **BRIEF SUMMARY**

Following Grosvenor and Southampton City Council entering into a development agreement in late 2010 and a resolution to grant planning consent to proposals for the overall Southampton New Arts Complex Scheme in September 2011, both parties have been working towards a position where Grosvenor can commence the scheme build. The recommendation below, in combination with other measures, will help facilitate this.

#### **RECOMMENDATIONS:**

##### **Council:**

- (i) Agrees to allocate additional funding, up to the sum set out in confidential Appendix 1, to the existing Southampton New Arts Complex Scheme and to increase the capital programme by up to this additional sum .
- (ii) Delegates to the Chief Financial Officer, after consultation with the Cabinet Member for Resources, authority to determine the most appropriate way of financing this sum.
- (iii) notes the potential for increased costs on the Arts Shell Fit Out, as set out in confidential Appendix 1

**Cabinet:**

- (i) Agrees to recommendations of Council as set out above; and
- (ii) Gives authority to the Director of Environment and Economy, after consultation with the Chief Financial Officer, to spend up to the overall new scheme value, and to enter into any documentation necessary to enable the Southampton New Arts Complex Scheme to proceed.

**REASONS FOR REPORT RECOMMENDATIONS**

1. To help facilitate the build of Southampton New Arts Complex Scheme, regenerating the former Tyrrell and Green site and the surrounding area as a Cultural Quarter to attract future investment, businesses, visitor numbers and jobs into the city.
2. In addition to forming a critical element of the Cultural Quarter enabling Southampton to compete with other cities both regionally and nationally, it is anticipated the scheme will generate over 300 direct jobs, 750,000 visitors and up to 38 new homes. It is also expected to generate over £230,000 per annum in retained business rates, council tax and New Homes Bonus, potentially over £160,000 in Arts Council revenue funding for the performing arts and £7.2m of Arts Council lottery capital funding towards the arts shell fit out.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. Not adding the additional resources to enable the scheme to progress, forgoing the opportunity to deliver the benefits set out in paragraph 2 above and writing off project related expenditure incurred to date.

**DETAIL (Including consultation carried out)**

4. Southampton's new arts complex will provide a stunning contemporary arts space with outstanding facilities for performance, visual arts, film and digital media, forming a major part of a new development on the eastern side of the Cultural Quarter, fronting onto Guildhall Square. These flexible spaces will transform Southampton's ability to show a whole range of contemporary performing and visual arts. This will enable the city to attract new and exciting work from national and international artists; and to develop programmes for participation, especially by younger people. The arts complex will be a hub for contemporary cultural activity, at the heart of the Cultural Quarter and provide flexible performance spaces together with a new home for City Eye and the John Hansard Gallery.
5. The Council has been working with Grosvenor to commence the build of the scheme. Following exploratory site investigations last year, Grosvenor received build contractor tender returns for the construction of the overall Southampton New Arts Complex Scheme (comprising arts shell, restaurant/retail units and residential flats) in November 2012. These tenders were significantly higher than anticipated and a number of measures have been taken to make the overall scheme sufficiently financially viable to enable Grosvenor to progress the scheme. These include:

- (i) Value engineering of the Grosvenor overall project to reduce costs without compromising the quality of either the overall design or the arts complex.
- (ii) Review of the residential design, mix and numbers. Pre-application consultation has taken place and a new application improving the residential design and increasing the flat numbers from 29 to 38 was submitted by Grosvenor in April 2013 and is due for determination shortly. The footprint of the buildings, the arts complex, and ground floor commercial space remains in line with the currently consented scheme.
- (iii) Both Grosvenor and the Council propose adding additional resources to the project. Details are set out in Confidential Appendix 1 of this report.

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

- 6. It is proposed that an additional amount, as set out in confidential Appendix 1, be added to the capital programme and used to meet part of the increased shell build costs should Grosvenor’s agreed reduced projected profit level (as set out in confidential appendix 1) not be reached.
- 7. It is noted that additional revenue will be generated for the Council through this scheme proceeding, mainly through increased retained business rates, and council tax.

**Property/Other**

- 8. N/A

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

- 9. Local Government Act 1972 Section 123 and Section 1 Localism Act 2011

**Other Legal Implications:**

- 10. None

**POLICY FRAMEWORK IMPLICATIONS**

- 11. None.

**KEY DECISION?** Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	Bargate
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	<b>Appendix 1:</b> Financial detail of revised proposals (Exempt)
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**Documents In Members' Rooms**

1.	None.
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**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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**Other Background Documents**

**Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None.	
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